

Senate Study Bill 3126

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
REVENUE BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the policy administration of the tax and
2 related laws by the department of revenue, including
3 administration of income and sales and use taxes, and
4 including effective and retroactive applicability date
5 provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
7 TLSB 5475XD 82
8 mg/sc/5

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1 1 DIVISION I
1 2 TAX ADMINISTRATION
1 3 Section 1. Section 99B.10B, subsection 2, Code Supplement
1 4 2007, is amended to read as follows:
1 5 2. a. The department shall revoke a registration issued
1 6 pursuant to section 99B.10 or 99B.10A, for a period of ten
1 7 years if a person commits an offense of awarding a cash prize
1 8 in violation of section 99B.10, subsection 1, paragraph "b",
1 9 pursuant to rules adopted by the department. A person whose
1 10 registration is revoked under this subsection who is a person
1 11 for which a class "A", class "B", class "C", special class
1 12 "C", or class "D" liquor control license has been issued
1 13 pursuant to chapter 123 shall have the person's liquor control
1 14 license suspended for a period of fourteen days in the same
1 15 manner as provided in section 123.50, subsection 3, paragraph
1 16 "a". A person whose registration is revoked under this
1 17 subsection who is a person for which only a class "B" or class
1 18 "C" beer permit has been issued pursuant to chapter 123 shall
1 19 have the person's class "B" or class "C" beer permit suspended
1 20 ~~and that person's sales tax permit suspended~~ for a period of
1 21 fourteen days in the same manner as provided in section
1 22 123.50, subsection 3, paragraph "a".
1 23 b. If a person owning or employed by an establishment
1 24 having a class "A", class "B", class "C", special class "C",
1 25 or class "D" liquor control license issued pursuant to chapter
1 26 123 commits an offense of awarding a cash prize in violation
1 27 of section 99B.10, subsection 1, paragraph "b", pursuant to
1 28 rules adopted by the department, the liquor control license of
1 29 the establishment shall be suspended for a period of fourteen
1 30 days in the same manner as provided in section 123.50,
1 31 subsection 3, paragraph "a". If a person owning or employed
1 32 by an establishment having a class "B" or class "C" beer
1 33 permit issued pursuant to chapter 123 awards a cash prize in
1 34 violation of section 99B.10, subsection 1, paragraph "b",
1 35 pursuant to rules adopted by the department, the beer permit
2 1 of the establishment ~~and the establishment's sales tax permit~~
2 2 shall be suspended for a period of fourteen days in the same
2 3 manner as provided in section 123.50, subsection 3, paragraph
2 4 "a".
2 5 Sec. 2. Section 99B.14, subsection 1, Code 2007, is
2 6 amended to read as follows:
2 7 1. The department may deny, suspend, or revoke a license
2 8 if the department finds that an applicant, licensee, or an
2 9 agent of the licensee violated or permitted a violation of a
2 10 provision of this chapter or a departmental rule adopted
2 11 pursuant to chapter 17A, or for any other cause for which the
2 12 director of the department would be or would have been
2 13 justified in refusing to issue a license, or upon the
2 14 conviction of a person of a violation of this chapter or a
2 15 rule adopted under this chapter which occurred on the licensed
2 16 premises. However, the denial, suspension, or revocation of

2 17 one type of gambling license does not require, but may result
2 18 in, the denial, suspension, or revocation of a different type
2 19 of gambling license held by the same licensee. In addition, a
2 20 person whose license is revoked under this section who is a
2 21 person for which a class "A", class "B", class "C", or class
2 22 "D" liquor control license has been issued pursuant to chapter
2 23 123 shall have the person's liquor control license suspended
2 24 for a period of fourteen days in the same manner as provided
2 25 in section 123.50, subsection 3, paragraph "a". In addition,
2 26 a person whose license is revoked under this section who is a
2 27 person for which only a class "B" or class "C" beer permit has
2 28 been issued pursuant to chapter 123 shall have the person's
2 29 class "B" or class "C" beer permit suspended ~~and that person's~~
~~2 30 sales tax permit suspended~~ for a period of fourteen days in
2 31 the same manner as provided in section 123.50, subsection 3,
2 32 paragraph "a".

2 33 Sec. 3. Section 421.17, Code 2007, is amended by adding
2 34 the following new subsection:

2 35 NEW SUBSECTION. 30. If a natural disaster is declared by
3 1 the governor in any area of the state, the director may extend
3 2 for a period of up to one year the due date for the filing of
3 3 any tax return and may suspend any associated penalty or
3 4 interest that would accrue during that period of time for any
3 5 affected taxpayer whose principal residence or business is
3 6 located in the covered area if the director determines it
3 7 necessary for the efficient administration of the tax laws of
3 8 this state.

3 9 Sec. 4. Section 421.17A, subsection 4, paragraph a, Code
3 10 Supplement 2007, is amended by adding the following new
3 11 unnumbered paragraph:

3 12 NEW UNNUMBERED PARAGRAPH. The facility and financial
3 13 institutions doing business in Iowa shall enter into
3 14 agreements to develop and operate a data match system and
3 15 shall use automated data exchanges to the maximum extent
3 16 feasible. The data match system shall allow a means by which
3 17 each financial institution shall provide to the facility for
3 18 each calendar quarter the name, record address, social
3 19 security number or other taxpayer identification number, and
3 20 other identifying information for each obligor who maintains
3 21 an account at the institution as identified by the facility by
3 22 name and social security number or other taxpayer
3 23 identification number. The facility shall work with
3 24 representatives of financial institutions to develop a system
3 25 to assist financial institutions in complying with the
3 26 provisions of this chapter.

3 27 Sec. 5. Section 421.60, subsection 8, Code 2007, is
3 28 amended to read as follows:

3 29 8. REFUND OF UNTIMELY ASSESSED TAXES. Notwithstanding any
3 30 other refund statute, if it appears that an amount of tax,
3 31 penalty, or interest has been paid to the department after the
3 32 expiration of the statute of limitations for the department to
3 33 determine and assess or collect the amount of such tax due,
3 34 then the amount paid shall be credited against another tax
3 35 liability of the taxpayer which is outstanding, if the statute
4 1 of limitations for assessment or collection of that other tax
4 2 has not expired or the amount paid shall be refunded to the
4 3 person or, with the person's approval, credited to tax to
4 4 become due. An application for refund or credit under this
4 5 subsection must be filed within one year of payment. This
4 6 subsection shall not be construed to prohibit the department
4 7 from offsetting the refund claim against any tax due, if the
4 8 statute of limitations for that other tax has not expired.
4 9 However, any tax, penalty, or interest due for which a notice
4 10 of assessment was not issued by the department but which was
4 11 voluntarily paid by a taxpayer after the expiration of the
4 12 statute of limitations for assessment shall not be refunded.

4 13 DIVISION II
4 14 INCOME TAX

4 15 Sec. 6. Section 15E.305, subsection 1, Code Supplement
4 16 2007, is amended to read as follows:

4 17 1. For tax years beginning on or after January 1, 2003, a
4 18 tax credit shall be allowed against the taxes imposed in
4 19 chapter 422, divisions II, III, and V, and in chapter 432, and
4 20 against the moneys and credits tax imposed in section 533.329
4 21 equal to twenty percent of a taxpayer's endowment gift to an
4 22 endow Iowa qualified community foundation. An individual may
4 23 claim a tax credit under this section of a partnership,
4 24 limited liability company, S corporation, estate, or trust
4 25 electing to have income taxed directly to the individual. The
4 26 amount claimed by the individual shall be based upon the pro
4 27 rata share of the individual's earnings from the partnership,

4 28 limited liability company, S corporation, estate, or trust. A
4 29 tax credit shall be allowed only for an endowment gift made to
4 30 an endow Iowa qualified community foundation for a permanent
4 31 endowment fund established to benefit a charitable cause in
4 32 this state. The amount of the gift for which the tax credit
4 33 is claimed shall not be deductible in determining taxable

4 34 income for state tax purposes. Any tax credit in excess of
4 35 the taxpayer's tax liability for the tax year may be credited
5 1 to the tax liability for the following five years or until
5 2 depleted, whichever occurs first. A tax credit shall not be
5 3 carried back to a tax year prior to the tax year in which the
5 4 taxpayer claims the tax credit.

5 5 Sec. 7. Section 422.24A, Code 2007, is repealed.

5 6 Sec. 8. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

5 7 1. The section of this division of this Act amending
5 8 section 15E.305 takes effect January 1, 2009, and applies to
5 9 tax years beginning on or after that date.

5 10 2. The section of this division of this Act repealing
5 11 section 422.24A applies retroactively to January 1, 2008, for
5 12 tax years beginning on or after that date.

5 13 EXPLANATION

5 14 DIVISION I == TAX ADMINISTRATION. Code sections 99B.10B
5 15 and 99B.14 are amended to remove the authorization of the
5 16 department of inspections and appeals to suspend a person's
5 17 sales tax permit for a violation of Code chapter 99B, relating
5 18 to games of skill or chance and raffles.

5 19 Code section 421.17 is amended by adding new subsection 30
5 20 to permit the director to extend the period of time for filing
5 21 tax returns and to suspend any penalty or interest associated
5 22 with those returns for taxpayers residing in an area declared
5 23 as a disaster area by the governor.

5 24 Code section 421.17A is amended to require financial
5 25 institutions and the centralized debt collection facility of
5 26 the department to enter into agreements to develop and operate
5 27 data match systems which are to use automated data exchanges
5 28 to the maximum extent feasible. The centralized debt
5 29 collection facility has authority to levy against the accounts
5 30 of individuals and businesses that have outstanding
5 31 liabilities with the department.

5 32 Code section 421.60, subsection 8, is amended to provide
5 33 that any tax, penalty, or interest due which was voluntarily
5 34 paid by a taxpayer after the expiration of the statute of
5 35 limitations for assessment, and a notice of assessment was not
6 1 issued by the department, shall not be refunded.

6 2 DIVISION II == INCOME TAX. Code section 15E.305 is amended
6 3 to state that taxpayers who receive the endow Iowa tax credit
6 4 for an endowment gift to a qualified community foundation
6 5 cannot also claim a deduction for state tax purposes for this
6 6 same endowment gift. This provision takes effect January 1,
6 7 2009, for tax years beginning on or after that date.

6 8 Code section 422.24A is repealed. This section provides
6 9 for a start-up business tax deferral whereby taxable income
6 10 for the first three years that an eligible business is in
6 11 operation can be deferred. Since this provision was enacted
6 12 in 2002, no businesses have applied for this deferral. This
6 13 provision applies retroactively to January 1, 2008, for tax
6 14 years beginning on or after that date.

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